

Belvedere:
Jerry Butler

May 11, 2005

Corte Madera:
Melissa Gill

TO: Executive Committee

Fairfax:
Lew Tremaine

RE: TAM Auditor Selection Process

Larkspur:
Joan Lundstrom

Mill Valley:
Dick Swanson

Novato:
Pat Eklund

Dear Executive Committee:

TAM is required by its Expenditure Plan and by PUC Code 180105(c) to have an annual financial audit conducted. The requirements for an audit of a special purpose district within the county are outlined in Government Code Section 26909. It requires an annual audit be filed with the Controller within 12 months of the end of the fiscal year and provides that TAM can use a Certified Public Accountant (CPA). The Controller prescribes the minimum requirements of the audit.

Ross:
Tom Byrnes

The Marin County Controller maintains a shortlist of 6 CPA's who have experience with Marin County special districts. The Controller recommended changing auditors every 3 to 4 years.

San Anselmo:
Peter Breen

San Rafael:
Al Boro

The Citizens' Oversight Committee is tasked with reporting to the public on how TAM is spending sales tax funds and, per the Expenditure Plan, has access to the audit information and the auditor. The Expenditure Plan, however, does not specify how the auditor will be selected, so staff researched the process adopted by other transportation authorities that have Citizens' Oversight Committees.

Sausalito:
Amy Belser

Tiburon:
Alice Fredericks

County of Marin:
Susan Adams
Hal Brown
Steve Kinsey
Charles McGlashan
Cynthia Murray

The two most relevant examples are ACTIA and the Santa Clara County Measure B program. In the case of ACTIA, the citizens' committee does not participate in the auditor selection process. Staff determines the scope, issues the RFP, organizes the review panel and makes the selection. In Santa Clara County, the measure language specifically assigned the citizens' oversight committee full responsibility for the process. This includes approving the scope for both the financial and compliance component of the audit, issuing the RFP, assigning members to serve on the review panel, and making the auditor selection. The process is accomplished with the assistance of staff, but the committee makes all decisions.

Following the ACTIA example, staff could prepare an RFP for review at the May Commission meeting and approval at the June meeting. Assuming a 60-day consultant selection process, a contract could be awarded at the August Commission meeting.

Using the Santa Clara County process, the Citizens' Oversight Committee would hold its first meeting in July, at which time they would be asked to approve an RFP, scope, and schedule as well as select a review panel. Assuming a 60-day consultant selection process, the committee would be asked to recommend approval of the selected auditor at their September meeting; the contract would then go to the Commission for contract approval and allocation of funds.

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***Improving mobility and reducing local congestion for everyone who lives and works in Marin County
by providing a variety of high quality transportation options designed to meet local needs.***

Recommendation

Staff recommends adopting a process similar to that of Santa Clara County. The benefit of this approach is that assigning the responsibility for the auditor selection to the Citizens' Oversight Committee will underscore TAM's fiscal accountability and transparency.

The disadvantage of this approach is that the auditor would not be under contract to begin the FY04/05 audit until September, which is somewhat late. In addition, the members of the Citizens' Oversight Committee would be tasked with a significant responsibility at their first meeting, before they have gained a full understanding of their role. Notwithstanding these disadvantages, it is staff's consideration that the long-term nature of the benefit outweighs the disadvantage associated with this first effort.

Staff is requesting feedback from the Executive Committee concerning this process.

Respectfully submitted,

Craig Tackabery
Executive Director